

ASX ANNOUNCEMENT

ANDROMEDA METALS LTD (Andromeda, ASX: ADN)



22 October 2021

Andromeda Metals Limited

ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (30 Sept 2021): \$46.17m

Issued Capital:

2,461,552,046 ordinary shares

85,495,000 unlisted options

23,139,475 performance rights

Directors:

Rhod Grivas

Non-Executive Chair

James Marsh

Managing Director

Joe Ranford

Operations Director

Andrew Shearer

Non-Executive Director

Melissa Holzberger

Non-Executive Director

Company Secretary:

Andrea Betti

Contact details:

69 King William Road,
Unley, South Australia 5061

PO Box 1210
Unley BC SA 5061

Tel: +61 8 8271 0600

Fax: +61 8 8271 0033

admin@andromet.com.au

www.andromet.com.au

Quarterly Activities Report – September 2021

Highlights

Great White Kaolin JV (ADN 75% interest)

- Bulk sample program targeting high-value products completed
- Progress on the HPA Strategy following positive testing results

Natural Nanotech Joint Venture (ADN 50% interest)

- Natural Nanotech Pty Ltd (NNT) filed provisional patent application covering the conversion process for halloysite and halloysite-kaolin into advanced, functionalised carbon nanomaterials

Eyre Kaolin Joint Venture

- Executed a binding Heads of Agreement (HOA) with private entity Peninsula Exploration Pty Ltd (Peninsula) to form the Eyre Kaolin Project Joint Venture (EKJV).

Eyre Peninsula Gold Joint Venture (ADN 35% interest)

- Cobra Resources has elected to proceed to Stage 3 under the Joint Venture Agreement.

Corporate

- Successfully completed an oversubscribed Share Purchase Plan; raising \$15m
- Melissa Holzberger appointed as an independent Non-executive Director of the Company
- Andrea Betti appointed as Company Secretary following the retirement of Nick Harding

Andromeda Metals Ltd (ASX:ADN, "the Company") is pleased to provide a summary of the Company's activities for the quarter ended 30 September 2021.

Managing Director, James Marsh commented "The September Quarter has been a busy period for the team, with significant progress made on the Great White Project, including the Mining Lease Application, marketing programs, DFS study and initial discussions with possible finance providers. There has also been good progress on other new high value projects."

Great White Kaolin Project

The Great White Kaolin Project ("GWKP") covers two main geographic areas of interest, both situated in the western province of South Australia (**Figure 1**).

The area of focus for the GWKP is on the Eyre Peninsula which comprises four tenements and is located approximately 635 km west by road from Adelaide and 70 km east from Streaky Bay (**Figure 2**). The GWKP is a joint venture between Andromeda Metals and Minotaur Exploration Limited ("Minotaur", ASX: MEP) in which ADN holds a 75% equity interest.

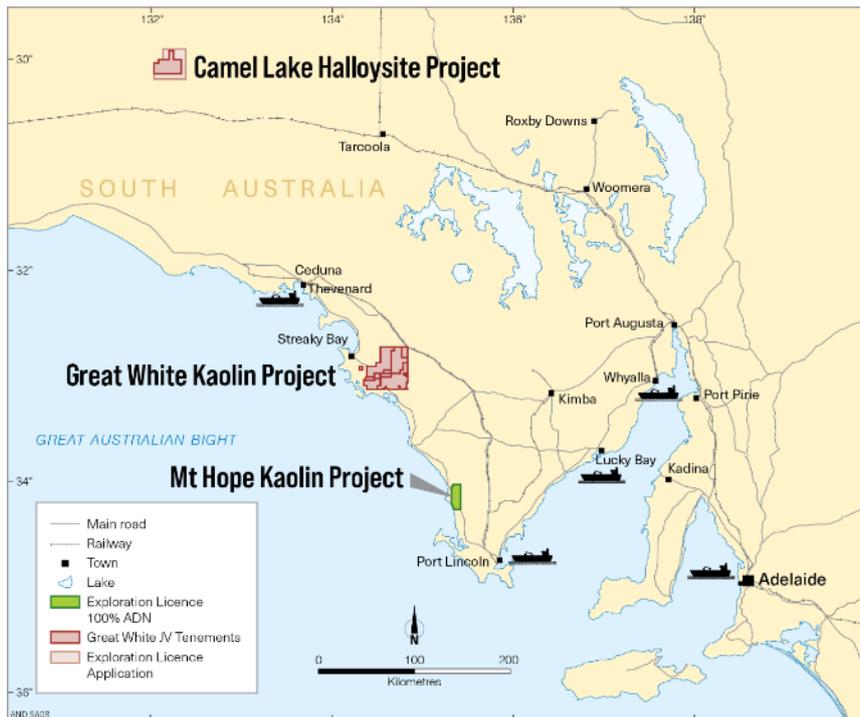


Figure 1 - Project Location Plan

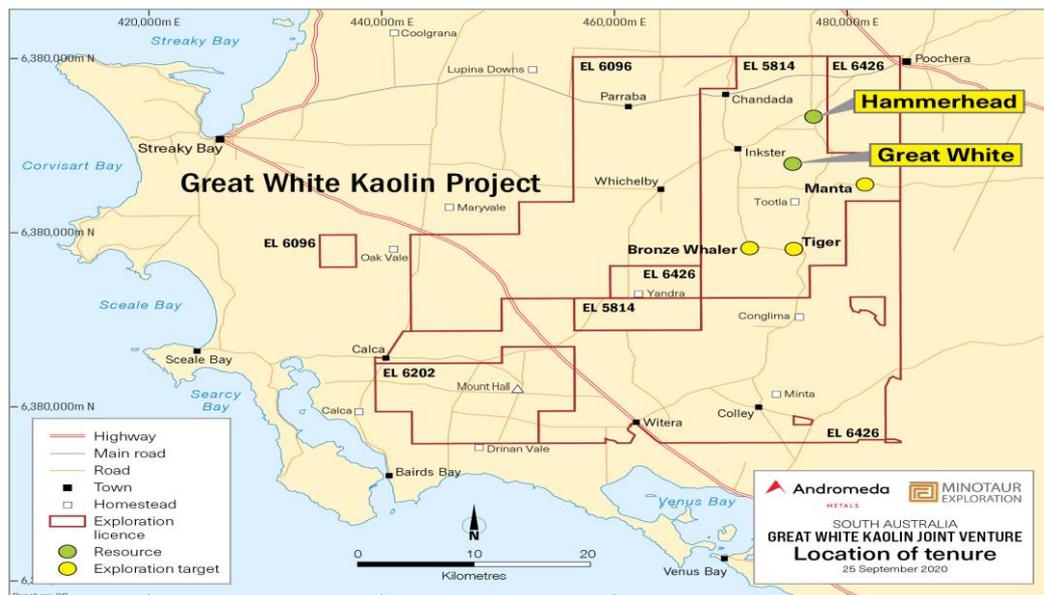


Figure 2 - Great White Joint Venture tenements

High quality halloysite-kaolin occurrences exist extensively across the GWKP area making this a region of global significance for the mineral, capable of supporting a considerable long-life mining operation, should final feasibility studies determine the project to be commercially viable.

Andromeda also holds a 100% interest in the Mount Hope Kaolin Project which is located approximately 160 km southeast of the GWKP.

Mining Lease Application

The GWKP approval process is ongoing with the Mining Lease Application now being assessed by the Regulators. While there are some concerns raised about the integration of a new industry into the established commercial landscape, the community is supportive and excited about the opportunities the GWKP presents. Typical questions around dust management, traffic integration, safety of road users and water supply have been brought up by some community members. The company is continuing to communicate the engineering controls to be implemented to ensure management of the project addresses the concerns raised.

Local roads intended to be used to support the GWKP will be redesigned and upgraded to meet Australian standards (Austroads). This will not only result in safer travel for haulage vehicles but will improve the safety for all road users.

In a step towards the reconstruction of the road, a large sample of regional calcrete has been obtained and crushed in a local crushing plant, this will inform its suitability for use as a road building material for the project. Andromeda is planning to utilise calcrete rock identified on the proposed mine site to construct the road upgrade.

An assessment of the Application from the Department of Energy and Mining is anticipated to be completed later in the year.

Marketing

During the quarter, efforts were focussed on signing up binding offtake agreements for the remaining approx. 40,000t/pa of product from the Phase 1 plant production capacity. This will be Great White CRM™ for the ceramic sector where there is considerable interest from China and other markets in Asia. Several tonnes of this product have been commercially manufactured and numerous samples were sent to potential customers and distributors for approval testing. Positive results were received, and negotiations are in progress. Product development work was also progressed in concrete and cosmetic applications with bulk samples being extracted to be used in the next stage of approval testing.

Definitive Feasibility Study

Work on the Definitive Feasibility Study (DFS) is continuing with the PRM™ and CRM™ products being incorporated into the DFS.

The block model from the 2020 GWKP Mineral Resource estimate was used to model the mine optimisation, and a detailed plant feed grade scheduled to confirm and support the production of Great White CRM™ and PRM™ for the life of mine. Optimisation analysis of each of the project components is being undertaken to reduce operating costs and improve product quality. All product options (CRM™, PRM™ HRM™ and HPA) are able to be produced by the project to satisfy multiple markets. The focus for the DFS is on the ceramics market with Great White CRM™ being refined on site. This change to the DFS brings forward capital requirements but provides significant benefits in reducing transport costs, control over quality and adds additional value on site.

An option being considered is a smaller 300,000tpa capacity plant to be established earlier in the project than that proposed in the PFS. This plant is designed to satisfy the PRM specification and sales volumes. The plant is designed to integrate upgrades for production and product variations to meet the full production capacity of 600,000tpa. Primero have completed the first phase of the design work for the wet processing and refining plant based on metallurgical work conducted in the UK, Germany, China and Australia.

In parallel the recommissioning of the Streaky Bay pilot plant has confirmed the product quality from samples collected from the area to be mined in the early years of the GWKP. These samples have been distributed to undertake further test work.

Funding options are being considered under the DFS and for the subsequent Bankable Feasibility Study (BFS) with significant assistance being provided by highly experienced corporate advisors Origin Capital.

Other Studies

Alongside the DFS, which is purely focused on the ceramics and paints markets, separate studies are being prepared for recently identified alternative market opportunities for potential Great White products. These include HRM™ as a rheology modifier product for the concrete industry, and a separate product suited for the high-end cosmetic market. Both applications are likely to be sourced from different parts of the GWKP Mineral Resource and would complement the Great White CRM™, PRM™ market applications.

Work on these two new market applications is not as advanced as for ceramics and the paints and polymers markets, with further testing and product development required. As a result, they have not been included in the DFS.

Andromeda is in the process of installing a large pilot-scale kaolin processing centrifuge at the Streaky Bay pilot plant which will be used to upgrade halloysite purity.

Bulk Sample Program

A bulk sample drilling program has commenced at the GWKP Deposit (*refer ADN ASX announcement dated 27 September 2021 "Great White bulk sample program in progress targeting high-value products"*). The bulk samples will provide material for multiple projects aimed at developing new markets that will be in addition to the current Definitive Feasibility Study's (DFS) Great White CRM™ (for ceramics) and Great White PRM™ (coatings) products.

Once processed the material will provide about 1.5 tonnes of high purity halloysite kaolin to Andromeda and Minotaurs's 50:50 JV Company, Natural Nanotech Ltd, which in partnership with University of Newcastle's Global Innovative Centre for Advanced Nanomaterials (GICAN), are undertaking R&D into new technology applications of halloysite nanotubes.

GWKP refined halloysite-kaolin has previously been successfully used by GICAN to create advanced nanomaterials which can specifically adsorb CO₂ from a mixture of gases, up to 1.1 tonne of CO₂ per tonne of material has been achieved. Work is ongoing to target the capture of 2 tonnes of CO₂ per tonne of material.

Material from the current drilling program will be refined at the JV's Streaky Bay pilot plant before being sent to GICAN. There the halloysite will be functionalised to be used in the direct air and direct emissions capture carbon capture pilot plant due to be operational by the end of 2021. The carbon capture pilot plant has been designed to be able to continuously capture and discharge

this CO₂ and convert it into a clean fuel such as methanol, which will effectively close the carbon loop.

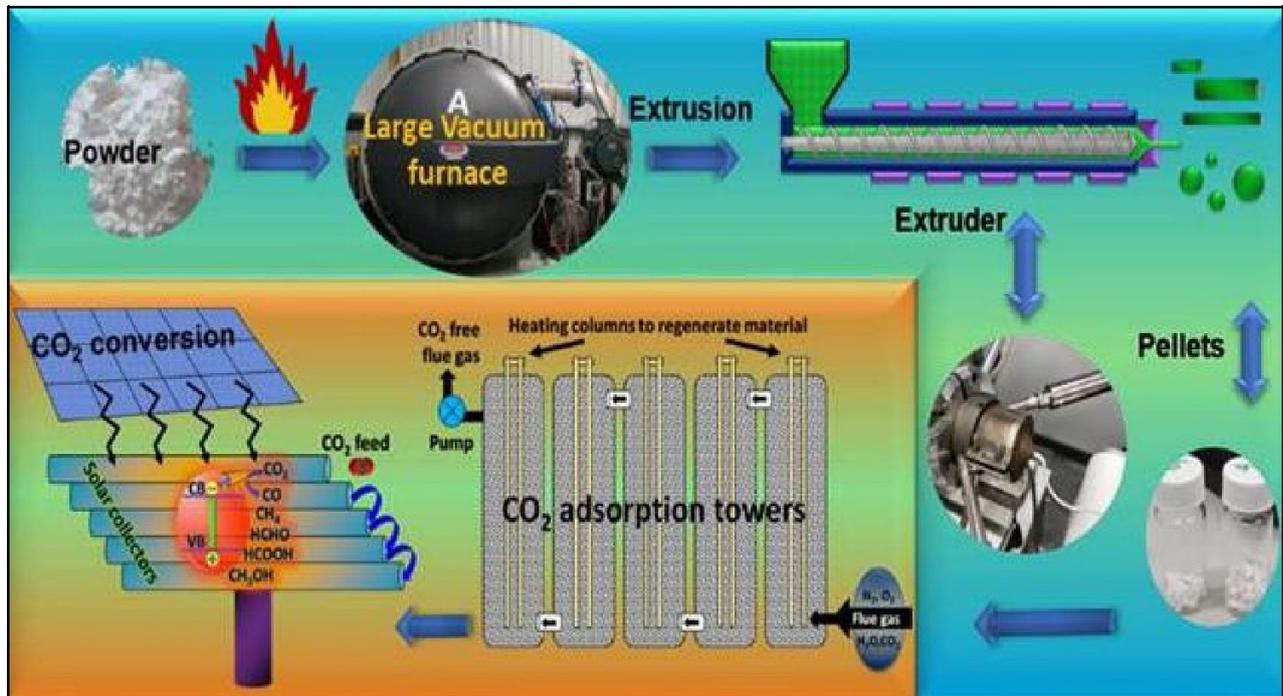


Figure 3 – Flow diagram showing preparation and functionalisation of nanotubes, direct air and direct emissions capture carbon capture pilot plant, and captured CO₂ conversion facility

The bulk sample holes used for the carbon capture pilot plant will also provide material for a large-scale cosmetic marketing exercise. Previous smaller samples have shown excellent results in this high-value potential market where high-purity halloysite-kaolin is highly valued and can sell for US\$1000 – 3000/t. Approx. 40,000t/pa of potential business has been identified in the Chinese cosmetic market alone and a large sample will be supplied for approval testing (refer ADN ASX announcement dated 27 September 2021 titled "Great White bulk sample program in progress targeting high-value products").

These bulk sample holes are twins of previous holes which intercepted 20m @ 35.75% halloysite from 8m depth with an ISO Brightness 84.4%, including 7m @ 48.29% halloysite from 14m depth with an ISO Brightness of 88.5% (refer ADN ASX announcement dated 12 November 2020 titled "Positive Results from Concrete and Coatings Application Testing").

Following the Andromeda's ASX announcement dated 12 November 2020 titled "Positive Results from Concrete and Coatings Application Testing" several requests have been made by concrete manufacturers for large amounts of the Concrete Rheology Modifier (HRM™) to undertake commercial scale trials. HRM™ gives several important handling and performance improvements to concrete with addition levels of only 1kg – 2kg per m³ of concrete. By significantly improving the concrete rheology, HRM™ allows optimisation of the mix design leading to performance improvements and reductions in cost and carbon footprint.



Figure 4 - Great White Bulk Sample Collection

Halloysite Research and Development

Natural Nanotech Pty Ltd (NNT) is a research and commercialisation venture, jointly owned (50:50) by Andromeda and Minotaur, established to investigate new technology applications for halloysite-kaolin nanoparticles. The company objective is to create new user markets for the halloysite nanotube material including the potential to produce a global alternative to inordinately expensive manufactured carbon nanotubes amongst other things. Potential applications include carbon capture, hydrogen storage and transport, remediation of water and wastewater, energy storage technologies, and antibacterial and agricultural applications.

On 7 July 2021, Andromeda's jointly owned R&D entity Natural Nanotech Pty Ltd (NNT) filed a provisional patent application covering the conversion process for halloysite and halloysite-kaolin into advanced, functionalised carbon nanomaterials (*refer ADN ASX announcement dated 7 July 2021 titled "Patent Lodged for Halloysite-Kaolin Conversion to Nanoporous Carbon Materials"*).

The provisional patent covers the processing pathways for conversion of the natural clay nanotube halloysite and halloysite-kaolinite admixtures of varying proportions, into selectively functionalised and chemically activated carbon nanomaterials. Selective functionalisation refers to intended high technology uses for the nanomaterials, with desirable performances documented in the first instance for selective CO₂ adsorption and for specific capacitance and energy storage. Ongoing optimisation of the process continues for hydrogen storage, water and wastewater treatment and agricultural applications.

Filing a provisional patent application is the first step towards establishing Australian and international Intellectual Property protection. It will be followed by a standard patent application and/or international filings within 12 months of the provisional application.

The unique properties of GWK Phalloysite-derived nanomaterials that make them so amenable to these applications are their enormous surface area per unit weight, their porous nature and differential charge capabilities between inner and outer surfaces. The process pathways subject of the patent filing documents how run-of-mine halloysite-kaolin nanoclays comprised of a mixture of flaky and tubular morphology can be converted into carbon nanomaterials through a solid-state templating, doping and activation process to fabricate activated porous nanocarbon

materials for the specific applications. The process pathways subject of the patent filing generates nanomaterials with CO₂ adsorption potential in excess of 25 mmol/g and specific capacitance in excess of 220 F/g at a current density of 0.3 A/g.

HPA Strategy

The Company engaged Dr Bryn Harris, a leading expert on chloride-based processing, as a consultant and advisor to the Company (*refer ADN ASX announcement dated 22 September 2021 "Andromeda Progresses HPA Strategy Following Positive Testing Results"*). Dr Harris' expertise in chloride-based processes is critical to the optimising of the High Purity Alumina ("HPA") hydromet process as the leaching of the kaolin typically involves hydrochloric acid and then the chloride leachate requires different purification and crystallisation steps to remove the majority of the impurities to leave a maximum of 100ppm (0.01%) for a 4N HPA product or 10ppm (0.001%) for a 5N HPA product.

Dr Harris is also being assisted by two other metallurgical consultants, Dr. Mike Dry and Boyd Willis.

First stage testing of Andromeda's provided kaolin ore has successfully confirmed the feed material as being in a "class of its own" as a kaolin feed material.

The kaolin feedstock was digested using a miniclave to give an aluminium chloride solution. Multiple acid digestions were then carried out to give a very thorough evaluation. Pure aluminium chloride solution is clear with colouration indicating impurity, which demonstrates the sensitivity of the process considering the extremely low levels of impurities found in this kaolin.

The purification stage was very effective and as a result the final stages of the process are predicted to yield a high purity final HPA product within the timeframe of the extended agreement.

Andromeda signed a Memorandum of Understanding (MoU) with AEM Technologies Inc, part of the Advanced Energy Minerals group (AEM) and entered into an initial 90-day exclusivity period to explore a HPA licencing transaction that is intended to include testing Andromeda kaolin feed, process feasibility studies and potential licensing and marketing arrangements (*refer ADN ASX announcement dated 22 September 2021 titled "Andromeda Progresses HPA Strategy Following Positive Testing Results"*).

AEM's Cap Chat HPA Process Plant, located in Quebec Canada, uses its patented process to make 99.99% ("4N") and 99.999% ("5N") pure high purity alumina. With proven technology and extensive patents, Cap Chat is recognised as environmentally friendly with its focus on reducing reagent consumption and transitioning to a near "zero carbon emission" energy consumption plant. The facility is the only one of its type globally that is capable of producing 4/5N HPA from a kaolin feed. Having commissioned the plant in 2020, AEM is now in offtake discussions with potential customers around the world (*refer ADN ASX announcement dated 22 September 2021 titled "Andromeda Progresses HPA Strategy Following Positive Testing Results"*).

The MoU was signed with AEM to enable kaolin samples from Andromeda's projects on the Eyre Peninsula to be evaluated using the AEM proven process to determine its suitability for HPA manufacture, and potentially lead to the construction by Andromeda of a HPA plant under a licencing agreement with AEM, which could also include the marketing of HPA manufactured product by Andromeda through AEM's global distribution network. The MoU was subsequently extended to enable completion of the suitability testing as well as remaining due diligence work.



Figure 5 – ASX 22/09/21: Solution of Supplied Kaolin after Digestion

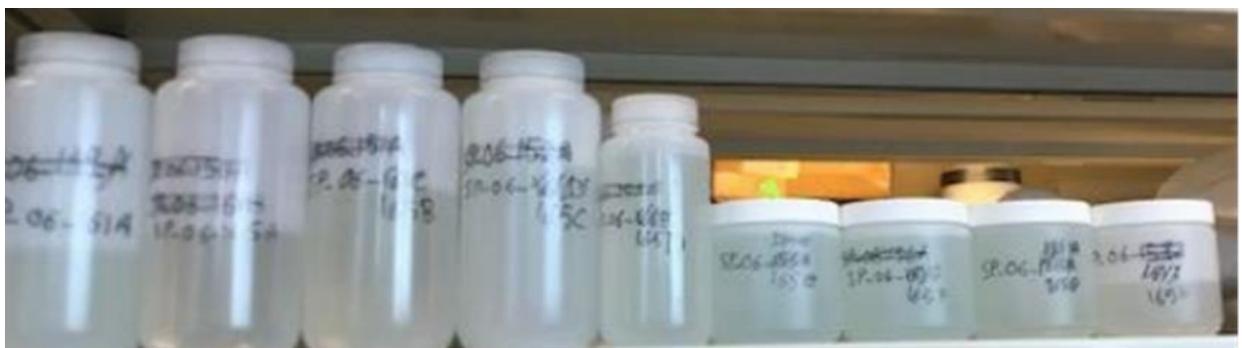


Figure 6 – ASX 22/09/21: Solution of Supplied Kaolin after Purification

Eyre Kaolin Joint Venture

A binding Heads of Agreement (HOA) with Peninsula Exploration Pty Ltd (Peninsula) was executed to form the Eyre Kaolin Project Joint Venture (EKJV) (refer ADN ASX announcement dated 12 August 2021 titled “Andromeda enters new kaolin Joint Venture on the Eyre Peninsula, SA”). Peninsula holds title to four exploration licences that cover 2,799 km² located on the Eyre Peninsula of South Australia and which are adjacent to, or near, tenements that comprise the Great White Kaolin Joint Venture.

Andromeda could earn up to an 80% interest in the EKJV tenements through sole funding expenditure of \$2.75 million over 6 years from commencement of the Joint Venture.

Following a geological review of Australia and especially the Eyre Peninsula, the ground held by Peninsula was identified as containing halloysite kaolin targets like those found at numerous locations across the GWKP and Mount Hope Kaolin Project ground.

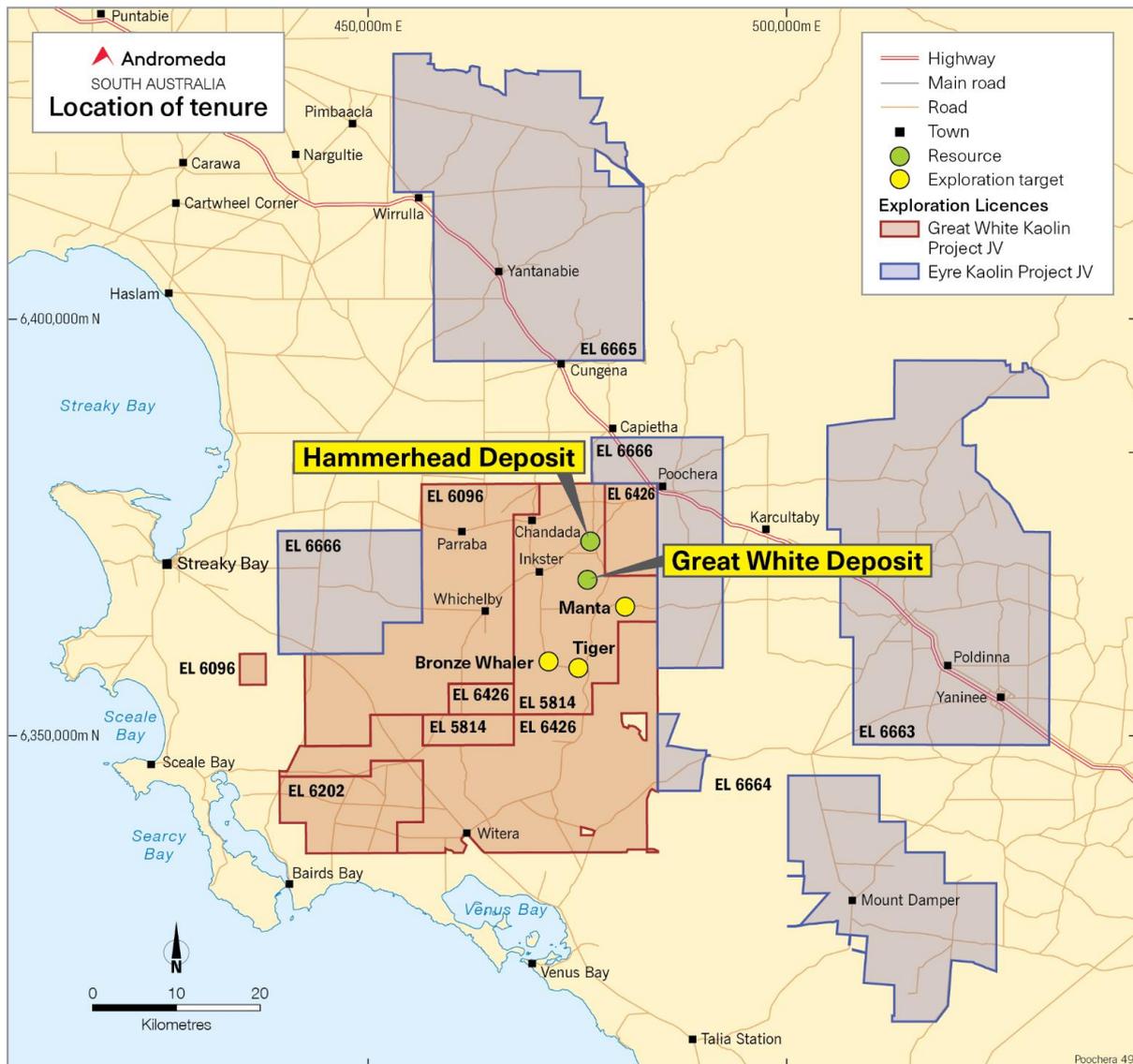


Figure 7 - Map showing Eyre Kaolin JV and Great White JV tenements

Eyre Kaolin Project Joint Venture Terms

The principal terms of the Farm-In and Joint Venture Heads of Agreement are as follows:

- Andromeda to make an initial payment to Peninsula of \$20,000 upon execution of the HOA.
- A minimum expenditure requirement of \$140,000 (exclusive of tenement rents) to be spent by Andromeda on the Project tenements within 12 months of commencement of the EKJV.
- Stage 1 expenditure obligation by Andromeda of \$750,000 (exclusive of tenement rents and which is inclusive of the minimum expenditure requirement) within 3 years of commencement to earn a 51% interest in the EKJV (Stage 1 commitment).
- Andromeda can elect to sole fund an additional \$2 million over a further 3 years on meeting Stage 1 to earn an additional 29% interest, taking its overall interest in the EKJV to 80% (Stage 2 commitment).
- If a JORC 2012 compliant Measured and Indicated Resource of at least 50Mt (with a minimum ISO Brightness of 80 and maximum total 1wt% Fe₂O₃ + TiO₂ calculated from the -

45µm fraction) is calculated over the EKJV tenements, Andromeda will issue Peninsula with \$500,000 worth of Andromeda shares.

- Peninsula has the option to convert its remaining 20% interest into a 1.5% net profit royalty following a Decision to Mine.

The Eyre Kaolin Project comprises four exploration licences held by Peninsula Exploration Pty Ltd.

Tenement	Area (km ²)
EL 6663	976
EL 6664	452
EL 6665	875
EL 6666	496
Total	2,799

Andromeda more than doubles its holding of tenements on the western Eyre Peninsula by entering into the Eyre Kaolin Project Joint Venture.

Wudinna Gold Joint Venture

Joint venture partner Cobra Resources PLC (Cobra) has met the Stage 2 expenditure commitment and therefore earned a 65% equity interest in the Eyre Peninsula Gold Project tenements. Cobra have now subsequently advised of their intention to proceed with Stage 3 of the joint venture which requires them to spend a further \$1.25M over the next 12 months to move to a 75% interest in the Project.

During the quarter, Cobra undertook shallow drilling over known mineralisation and geophysical anomalies to obtain samples of the saprolitic profile to undertake path finder modelling.

Moonta Copper ISR Joint Venture

During the quarter joint venture partner Environmental Metals Recovery (EMR) received preliminary in situ leach modeling (COMSOL) results. Modelling demonstrated that the flow in the copper mineralised Bruce Zone is much higher than in the country rock (outside the mineralised zone), and that the lixivants are likely to stay well confined within the mineralised zone.

EMR also undertook further community engagement with three community field days on the Yorke Peninsula.

Corporate

Oversubscribed Share Purchase Plan raises \$15 million

Following the Company's successful placement where the company issued 200M shares at \$0.15 to raise \$30 million before costs (refer *ADN ASX announcement dated 30 June 2021 titled "Andromeda successfully completed Completes \$30 million Placement and Launches \$15 million Share Purchase Plan"*) the Company raised a further \$15M under a Share Purchase Plan (SPP) (refer *ADN ASX announcement dated 27 July 2021 titled "Oversubscribed Share Purchase Plan raises \$15 million"*).

The SPP, together with the Placement raised a total of \$45M and provides Andromeda with funds to continue development of the world class Great White Kaolin Project. This capital raised will go towards meeting the Company's share of long lead time processing plant equipment purchases and continue product development in the areas of ceramic, paints and coatings, concrete and

HPA. In addition, it will contribute to ongoing research and development, accelerate exploration and ongoing working capital requirements.

Board Changes

On 11 August 2021, the Company announced that Mr Nick Harding had resigned as an Executive Director and Company Secretary of the Company.

The Company appointed Andrea Betti as Company Secretary. Andrea Betti is a corporate governance professional with over 20 years' experience in accounting, corporate governance, finance and corporate banking. She has acted as Company Secretary for companies in the private and publicly listed sectors.

Ms. Betti is a member of the Institute of Chartered Accountants in Australia and New Zealand and an associate member of the Governance Institute of Australia. Ms Betti is currently a director of a corporate advisory company based in Perth that provides corporate and other advisory services to publicly listed companies. She has a Bachelor of Commerce, Graduate Diploma in Corporate Governance, Graduate Diploma in Applied Finance and Investment and a Master of Business Administration.

On 23 September 2021, Andromeda appointed Melissa Holzberger as an independent Non-Executive Director of the Company.

Ms. Holzberger is an experienced director and mining lawyer with over 20 years' experience in the international energy and resources sector. She brings a deep understanding of mining projects and operations having previously worked with BHP and Rio Tinto. Her substantial experience extends to highly regulated industries, international commodity trade, corporate ethics, risk and compliance oversight, together with a focus on environment, social and governance (ESG) matters.

Ms. Holzberger is currently a Non-Executive Director of two ASX-listed companies, Paladin Energy Ltd and Silex Systems Limited.

Ms. Holzberger holds a Master of Laws in Resources Law (Distinction) from the University of Dundee, Scotland; a Diploma in International Law (Hons) from the University of Montpellier, France; and a Bachelor of Laws and Bachelor of Arts from the University of Adelaide. In addition, she is a graduate of the University of Oxford's Leading Sustainable Corporations; a graduate member of the Australian Institute of Company Directors; and a Fellow of the Governance Institute of Australia. In 2006, Ms. Holzberger was awarded the Telstra South Australian Young Business Woman of the Year which recognised her contributions and leadership in the energy, resources and business community.

Related Party Transactions

Payments to related parties of the entity and their associates totalled \$316k, being executive director salaries and non-executive director fees paid to directors or related corporations of directors of the Company during the quarter.

Finance

Cash and cash equivalents at the end of the quarter were \$46,172k, which was an increase of \$41,178k from the previous quarters closing balance of \$4,994k.

Net funds received from capital raising activities in the quarter were \$42,788k partially offset by funds used in operating activities \$925k and funds used in investing activities of \$1,317k (Property

Plant & Equipment \$29k and Exploration and Evaluation Expenditure of \$1,288k) offset by R&D grant received of \$632k.

There were no production or development activities conducted over the quarter and as such no production or development expenditures were incurred.

Exploration Tenements

The tenement schedule as at 30 September 2021 is attached to this Quarterly Activities Report.

During the quarter there has been two changes to tenements held:

1. Wudinna Gold Joint Venture - Joint venture partner Cobra Resources PLC (Cobra) has met the Stage 2 expenditure commitment and therefore earned a 65% equity interest in the Eyre Peninsula Gold Project tenements. Cobra have now subsequently advised of their intention to proceed with Stage 3 of the joint venture which requires them to spend a further \$1.25M over the next 12 months to move to a 75% interest in the Project.
2. Eyre Kaolin Joint Venture - A binding Heads of Agreement (HOA) with Peninsula Exploration Pty Ltd (Peninsula) was executed to form the Eyre Kaolin Project Joint Venture (EKJV). Peninsula holds title to four exploration licences that cover 2,799 km² located on the Eyre Peninsula of South Australia and which are adjacent to, or near, tenements that comprise the Great White Kaolin Joint Venture.

Andromeda could earn up to an 80% interest in the EKJV tenements through sole funding expenditure of \$2.75 million over 6 years from commencement of the Joint Venture.

This announcement has been approved for release by the Board of Andromeda Metals Ltd.

For more information about the Company and its projects, please visit our website www.andromet.com.au or contact:

James Marsh
Managing Director
Andromeda Metals Ltd
E: james.marsh@andromet.com.au

Andrea Betti
Company Secretary
Andromeda Metals Ltd
E: andrea.betti@andromet.com.au

Investor relations

Peter Taylor – NWR Communications
T. 0412 036 231
E. peter@nwrcommunications.com.au

Media enquiries

Sylvia Rapo – Managing Principal, Consentium
Email: sylvia.rapo@consentium.com.au

Competent Persons Statements

Information in this announcement has been compiled by Mr James Marsh a member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Marsh is an employee of Andromeda Metals Limited who holds shares and options in the company and has sufficient experience, which is relevant to the style of mineralisation, type of deposits and their ore recovery under consideration and to the activity being undertaking to qualify as Competent Persons under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). This includes Mr Marsh attaining over 30 years of experience in kaolin processing and applications. Mr Marsh consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Information in this announcement that relates to the Exploration Results for the Great White Kaolin Project and Mt Hope Halloysite-Kaolin Project is based on information evaluated by Mr Eric Whittaker who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Whittaker is the Chief Geologist of Andromeda Metals Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Whittaker consents to inclusion in this document of the information in the form and context in which it appears.

Forward Looking Statements

This release contains certain forward-looking statements and forecasts. Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "except", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position, and performance are also forward-looking statements.

Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements involve unknown risks and uncertainties and may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility and potential development of the Company's projects. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

SCHEDULE OF TENEMENTS AS AT 30 SEPTEMBER 2021

Project	Tenement	Tenement Name	Area km ²	Registered Holder or Applicant	Nature of Company's Interest %
South Australia					
Wudinna Gold Joint Venture ¹	EL 6317	Pinkawillinie	156	Peninsula Resources Ltd ²	35%
	EL 6131	Corrobinnie	1303	Peninsula Resources Ltd	35%
	EL 6489	Wudinna Hill	42	Peninsula Resources Ltd	35%
	EL 5953	Minnipa	184	Peninsula Resources Ltd	35%
	EL 6001	Waddikee Rocks	147	Peninsula Resources Ltd	35%
Moonta Copper Gold Project ³	EL 5984	Moonta-Wallaroo	713	Peninsula Resources Ltd	100%
	EL 5984	Moonta Porphyry JV	106	Peninsula Resources Ltd	90% - option to acquire 100% from Minotaur Exploration Ltd
Great White Kaolin Project	EL 6588	Tootla	372	Great Southern Kaolin Pty Ltd ⁴ and Andromeda Industrial Minerals Pty Ltd ⁵	AIM 75% GSK 25%
	EL 6096	Whichelby	447	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd	AIM 75% GSK 25%
	EL 6202	Mt Hall	147	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd	AIM 75% GSK 25%
	EL 6426	Mt Cooper	648	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd	AIM 75% GSK 25%
Camel Lake Halloysite Project	EL 6128	Camel Lake	455	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd	AIM 75% GSK 25%
	ELA 2019/73	Dromedary	481	Minotaur Operations Pty Ltd ⁶	AIM 75% MOP 25%
Eyre Kaolin Project	EL 6663	Aspen	976	Peninsula Exploration Pty Ltd ⁷	Peninsula 100%
	EL 6664	Whistler	452	Peninsula Exploration Pty Ltd	Peninsula 100%
	EL 6665	Hotham	875	Peninsula Exploration Pty Ltd	Peninsula 100%
	EL 6666	Thredbo	496	Peninsula Exploration Pty Ltd	Peninsula 100%
Mt Hope Kaolin Project	EL 6286	Mt Hope	227	Andromeda Industrial Minerals Pty Ltd	100%
Queensland					
Drummond Gold Project	EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd ⁸	100%
	EPM 25660	Gunthorpe	74	Adelaide Exploration Pty Ltd	100%
	EPM 26154	Sandalwood Creek	109	Adelaide Exploration Pty Ltd	100%
	EPM 26155	Mount Wyatt	144	Adelaide Exploration Pty Ltd	100%
	EPM 27501	Packhorse Creek	16	Adelaide Exploration Pty Ltd	100%
Western Australia					
Dundas Project	E 63/2089 (Application)	Circle Valley	29	Mylo Gold Pty Ltd ⁹	100%

1. Cobra met Stage 2 expenditure commitment and therefore has earned 65% equity interest
2. Peninsula Resources Ltd (incorporated 18 May 2007) is a wholly owned subsidiary of Andromeda Metals Ltd.
3. Andromeda Metals Ltd has partnered with Environmental Metals Recovery Pty Ltd ("EMR") to form the Moonta ISR Joint Venture.
4. Great Southern Kaolin Pty Ltd ("GSK") is a wholly owned subsidiary of Minotaur Exploration Ltd.
5. Andromeda Industrial Minerals Pty Ltd ("AIM"; incorporated 9 August 2018) is a wholly owned subsidiary of Andromeda Metals Ltd.
6. Minotaur Operations Pty Ltd ("MOP") is a wholly owned subsidiary of Minotaur Exploration Ltd.
7. Andromeda Industrial Minerals Pty Ltd has a farm in agreement with Peninsula Exploration Pty Ltd (Peninsula) over the Eyre Kaolin Project.
8. Adelaide Exploration Pty Ltd (incorporated 13 July 2001) is a wholly owned subsidiary of Andromeda Metals Ltd.
9. Mylo Gold Pty Ltd (acquired 21 December 2017) is a wholly owned subsidiary of Andromeda Metals Ltd.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ANDROMEDA METALS LIMITED

ABN

75 061 503 375

Quarter ended ("current quarter")

30 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(159)	(159)
(e) administration and corporate costs	(767)	(767)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants, subsidies and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(925)	(925)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(29)	(29)
(d) exploration & evaluation (capitalised)*	(1,288)	(1,288)
(e) investments	-	-
(f) other non-current assets	-	-
* net of joint venture contributions received		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Government grants, subsidies and tax incentives	632	632
2.6	Net cash from / (used in) investing activities	(685)	(685)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	44,770	44,770
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	309	309
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(2,291)	(2,291)
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	42,788	42,788

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,994	4,994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(925)	(925)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(685)	(685)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	42,788	42,788

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	46,172	46,172

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,082	904
5.2	Call deposits	41,000	4,000
5.3	Bank overdrafts	-	-
5.4	Other (cash on deposit to secure credit card facility)	90	90
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	46,172	4,994

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	145
6.2	Aggregate amount of payments to related parties and their associates included in item 2	171

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount at items 6.1 and 6.2 comprises executive director salaries and non-executive director fees paid to directors or related corporations of directors of the Company during the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (credit card facility)	90	9
7.4 Total financing facilities	90	9

7.5 **Unused financing facilities available at quarter end** 81

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company has a credit card facility financed through Westpac with a limit of \$90,000. This facility is denominated in Australian dollars and is secured against cash deposits of the same amount shown as restricted cash in Item 5.4 of this report. An annual fee is charged for this facility at market rates. There are no set amounts payable under this facility, other than the annual fee, unless the consolidated entity does not adhere to the terms of the agreements.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(925)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(1,288)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,213)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	46,172
8.5 Unused finance facilities available at quarter end (Item 7.5)	81
8.6 Total available funding (Item 8.4 + Item 8.5)	46,253
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	20.90

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

22 October 2021

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.